

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2362

As Amended by House Committee on
Appropriations

Brief*

HB 2362 would amend liquor license fees by creating a \$20 alcoholic beverage control (ABC) modernization fee to be charged on both initial and renewal liquor license applications. The bill would reduce the initial application fee for a liquor license from \$50 to \$30 plus the \$20 modernization fee. The \$20 modernization fee also would be added to the renewal application fee, which would remain at \$10.

The revenue from the \$20 fee would be deposited in the ABC Modernization Fund that would be created by the bill, to be used for the software and equipment upgrades associated with the Department of Revenue's (Department's) licensing, permitting, enforcement, and case management. The modernization fee would expire on June 30, 2022, and the initial application fee would revert to \$50 on or after July 1, 2022.

Background

The bill was introduced in the House Appropriations Committee, at the request of the Department. In the House Committee hearing, the Director of ABC and a representative of the Kansas Wine and Spirits Wholesalers Association appeared in support of the bill, stating improving the Department's Division of ABC's technology is important in achieving the industry's and the Division's common

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

objectives. Additionally, the Director of ABC indicated the current computer system is at risk due to lack of upgrades in the past 32 months, and a malfunction of the system could be costly.

The House Committee amended the bill by adding a provision to sunset the fee on June 30, 2022, and revert the initial application fee to \$50 on or after July 1, 2022.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department indicates reducing the initial application fee to \$30 would reduce State General Fund revenues by approximately \$12,000. The Department also indicates there are 4,011 active liquor licenses that are renewed every two years. The new fee would raise approximately \$40,000 per year. The Department further indicates the bill would require \$1,740 for implementation costs in FY 2018. Any fiscal effect associated with the bill is not reflected in the *FY 2018 Governor's Budget Report*.